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BRAZIL'S FOREIGN TRADE DURING THE FIRST THREE MONTHS OF 1944

Brazil's foreign trade during the month of March 1944 had an almost equal amount of exported and imported tonnage. Imports exceeded exports by 27,000 tons, however, the value of exports remained high. Imported tonnage was valued at Cr$2,460, and exported tonnage at ... Cr$3.394. It will be noted that our exports were valued much higher than our imports.

During this period, there was a marked increase in our trade with Europe, especially with Great Britain. This increase was a result of our successful campaign against axis submarines in the Atlantic. For the same period in 1943, only 13% of our exports went to Europe, whereas in 1944, this figure rose to 25%.

Europe, and especially England, has looked to Brazil for various essential products, - a situation directly opposite to that which existed before the war. At that time, Europe supplied us with manufactured products, principally machines, cellulose and tin plate which were very important to us. Today those markets are depending upon us, and while our exports to them are increasing, our imports are being obtained largely from other sources. The war made it difficult for South American countries to import, - not to export - as the raw materials, in which South America is so abundant, were vital to the countries at war. Since 1939, there were times when Brazil's trade with Europe was as small as our trade with South America before the war, where we had only two markets, Argentina and Uruguay. Now a tendency is noted towards maintaining a balance between exports to Europe and to the Western Hemisphere, and it is to be expected that after the war, when the factories in the great manufacturing centers of the Old World are once more at work, that this balance will also be restored to our imports of those products which are vital to our economic system.

At present, however, our purchases from Europe are small, having reached only 7% of our total imports during the first three months of 1944, as compared to 9% for the same period of 1943.

During the fi5st three months of 1944, wheat was the leading commodity imported, from Argentina, representing 16% of our total. Second was machinery (15%), from the United States and Great Britain; third was fuel (a little over 6%) being hard coal from the United States and a small amount from British possessions in Africa, and gasoline from the United States, Trinidad, the Dutch West Indies, and Venezuela.

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In fourth place came cellulose (3% of total) for the manufacturing of paper; fifth, vehicles and accessories (except automobiles), followed by beverages, and anilines.

Brazil's exports for this three-month period were: coffee, which represented 41% of the total; second was raw cotton, great supplies of which were sent to Great Britain; third were cotton textiles. We must however, call attention to the great increase in our sales of carnaúba wax, quartz, pine lumber, and castor seeds.

Due to the former sources of supply of many products having been cut off, as a result of the war, Brazil was able to supply her Allies with much of the raw materials so vitally needed by them. Many of these raw materials are and always have been abundant in Brazil, but, having had no demand for them heretofore, they were not an important part of her exports. Such is the case of her waxes, seeds, quartz and many others.

DIAMONDS

Brazilian diamonds have been in great demand in international markets, not only because of their characteristic lustre, but also because of their weight.

I. Geographical Distribution of Brazilian Diamond Deposits:-

The most important diamond-producing regions are located in the following zones: the Northern part of the State of Minas Gerais and the Central part of the State of Baía, which produces about 2/5 of the country's total; the States of Pará, Mato Grosso, Goiaz, Amazonas, Paraná and São Paulo.

Location of the deposits in each State are as follows:

Minas Gerais - Diamantina, Grão Mogol, São José da Chapada, Serra do Cabral, Abaeté, Coromandel and Estrêla do Sul. Diamantina (formerly known as "Tijuca" district) was the chief diamond-mining center in Colonial times. In the region of São José da Chapada, several deposits are known, including that of Campos do Sampaio, production of which averages 100 carats per month. In the deposits of Estrêla do Sul, in 1852, the famous diamond weighing 254.40 carats, known as the "Southern Star" was discovered.

The largest diamond ever mined in Brazil was found in 1938, in the region of Coromandel. It was the "President Vargas", weighing 726.60 carats. The "Darcy Vargas" (460 carats) and the "Coromandel" (400.65 carats) were also found in this same region.

Pará - Marabá and a large area of the Tocantins River Valley.

Baía - The most productive area is between Sincorá and Môrro do Chapéu. Other producing regions are: Camassarí, the districts of Santa Luzia and Barracão, along the banks of the Itapicurú River; the municipality of Canavieiras, along the Salôbro River; and the Lavras Diamantinas (Diamond Mines) of Sincorá, Mocugê, Andaraí, Lençóis, Campestre, Palmeiras, Assuruá, Brotas and Môrro do Chapéu.

Mato Grosso - The principal diamond deposits in Mato Grosso are in the district of Coxim. Another important deposit is in the region of the Rio das Garças (Heron River), and along the Aquidauana River.

Goiaz - The most important districts are: Veríssimo and the areas of the rivers Corumbá, Caiapó, Araguaia and their tributaries.

São Paulo - Diamond deposits are located along the rivers Tibagí, Peixe, Paranapanema, Canôas and Vêrde.

Paraná - Deposits are along the rivers Iapó, Pitanguí and Cinzas.

Maranhão - Along the Rio Sêco, a tributary of the Tocantins River.

II. Historical Data:-

Diamond-mining in Brazil began in the early years of the 18th century, when Brazil was still a colony, ruled by the Portuguese Crown. Some authors mention the year 1739 as the one in which the first diamond was found in Serra Fria, Minas Gerais.

Mining was developed under strict control of the Crown, which levied high taxes on the output of Brazilian gold and precious stones mined. The center of diamond-mining in colonial times was the district of Tijuca, nowadays known as Diamantina.

Discovery of the first diamonds in the vicinity of Mocugê, Baía, in 1844, caused a rush of prospectors, who established a permanent mining community, and its population of 20,000 increased to 50,000 between the years 1844 and 1848.

The largest diamonds discovered in Brazil are as follows: The "President Vargas", 726.60 carats, the sixth largest in the world; the "Darcy Vargas", weighing 460 carats, eighth largest in the world. Other large diamonds found in Brazil were the "Coromandel", 400.65 carats, discovered in 1939; the "Southern Star", 254.50 carats (1853) and the "Southern Cross", 118.50 carats (1935).

The largest diamonds in the world were found in South Africa. They were: 1) The "Culiman", 3,025.75 carats, found in 1905; 2) the "Excelsior", 1,969 carats, found in 1893; 3) the 1,649 carat diamond; 4) the "Jubilee", weighing 971.75 carats.

The fifth largest diamond in the world is the "Great Mogul", 793 carats, discovered in Golconda, India. And the seventh place belongs to the "Jonkers", found in South Africa in 1935, and weighing 726 carats.

III. Classes of Diamonds:-

Diamonds, basically pure carbon, are the hardest substance known. There are four categories of diamonds, namely:

1) The Diamond proper, source of gem stones
2) Bort, chief source of industrial diamonds
3) Carbonado, a dark variety, opaque, without a clear-cut crystalline form, and usually yellow, dark, gray or black. Very hard.
4) Ballas.

Industrial diamonds are obtained from all four classes, but Bort accounts for most of them. According to an article prepared by the Office of the Coordinator of Inter-American Affairs, industrial diamonds consist largely of stones, imperfectly crystallized, or of a dark color, or otherwise unsuitable for gems.

With the exception of a certain amount of Carbonados or Black Diamonds, virtually all industrial diamonds are obtained as a by-product of mining for gem stones.

IV. Industrial Diamonds:-

Brazilian industrial diamonds have been found so suitable, that the Metal Reserve Corporation, a subsidiary of the Federal Loan Agency agreed, in March 1942, that the United States buy a maximum of 300,000 carats annually from Brazil, for a period of two years.

According to the aforementioned article, some of the more important industrial uses of diamonds are: for lathe tools, for rapid and accurate machine finishing of metals; for dressing and truing abrasive wheels; for boring crowns for core-drills, used in rock drilling; in

circular saws for stone-cutting; as diamond cutting points for drilling holes in glass and porcelain; for etching and engraving; for cleaving other diamonds and for glass cutting. Other uses are as pivot supports for high grade chronometers; as pivot supports for large capacity electric meters, and as reproducing points in making master phonograph records. The powerful motors of massive tanks and light military reconnaissance trucks owe their watch-fine but sturdy operating mechanisms to the action of diamond-dust-finished pistons, connecting rods and main bearings. Many more obscure, but no less important parts and cogs in our industrial and commercial machinery are equally treated with diamond-pointed tools. The inside of a submarine torpedo tubes are finished to mirror-like smoothness with diamonds. They machine the magnesium alloy sleeves used in the hydraulic gun turrets of the most powerful modern battleships. If it were not for their remarkable qualities, finishing the bores of the huge 18-inch coast defense guns would be an immensely longer and more costly process.

The delicately ground lenses of bomb-sights, range-finders, telescopes, aerial cameras, and other optical apparatus could never be turned out in sufficient quantity to supply an army, if it were not for the fast-working diamond dust grinding compounds. In making the microscopically fitted gears for automobiles, ships, airplanes, gun carriages and submarines, the teeth must be ground with absolute accuracy down to the infinitesimal fraction of an inch. For this purpose, grinding wheels of emery or carborundum are used. In grinding each gear-tooth, the abrasive wheel changes shape ever so slightly. It must be brought back to its exact original shape before grinding the next tooth, or the gear will not have the necessary uniformity. Only the diamond can economically cut the grinding wheel back to exact form, and the hardness of the stone is such that a diamond can wear away two emery wheels a foot in diameter, and an inch thick, before showing any signs of wear.

Another equally important use is in drawing wire. Copper used in electrical work must be uniformly unvarying in size. The hot metal is drawn through a tiny hole drilled in a diamond die. Between three and four hundred tons of copper can be drawn through, before any significant enlargement of the hole takes place. On the other hand, if the die were made of the hardest steel, it would have to be replaced before five tons of copper had passed through it.

In his survey of "The Diamond Industry in 1939", Sydney H. Ball, of the engineering firm of Rogers, Mayer & Ball, New York City, asserted that the following table indicates roughly the relative dollar importance of the more important uses of industrial diamonds in the United States:

Diamond Drilling	45%
Diamond-set Tools Largely Used in the Automobile, Airplane and Other Industries	30%
Diamond Dies	10%
Miscellaneous Uses	15%

V. Brazil's Exports of Diamonds by Countries of Destination (Grams):-

Countries	1939	1940	1941
United States	13,013	37,900	44,887
Japan	122	599	14,546
Italy	-	170	1,722
Switzerland	309	1,498	2,195
Germany	3,551	1,130	555
Mexico	-	-	208
Trinidad	-	-	123
France	-	56	68
Portugal	-	-	5
Total	40,736	50,468	64,309
Value in Cr$	-	81,403,316	147,915,344

VI. Production:-

During the first six months of 1942, Brazil's diamond production was distributed approximately as listed below:

Zones	Value
Mato Grosso and Goiaz	Cr$ 3.500.000,00
Minas Gerais	Cr$ 3.000.000,00
Marabá (State of Pará)	Cr$ 2.500.000,00
Baía	Cr$ 2.000.000,00
Tibagí (State of Paraná)	Cr$ 500.000,00
Rio Branco (State of Amazonas) ...	Cr$ 400.000,00

THE UNITED STATES - A MARKET FOR BRAZIL'S EMBROIDERIES AND LACES

The domestic embroidery and lace market in the United States, which was supplied on a large scale by domestic production and imports prior to the war, is now facing a shortage due to the loss of Oriental and European markets, as well as the decrease in domestic production quotas.

In 1940, the United States had 63 factories working on lace and lace-trimmed articles, employing a total of 7,254 workers. The annual production of these factories was valued at $24,138,000 in 1940, and consisted of machine-made goods, sold at popular prices. Military mobilization affected this industry, insofar as a large number of its personnel was drafted into the Armed Forces, and other workers transferred to essential war industries.

To these difficulties was added that of transportation between Portuguese islands in the Atlantic, and the United States.

Considering 1940 as a basis, U. S. imports of cotton lace and lace work amounted to $4,918,000. Of this total, $376,000 represents cotton lace imports from the Philippine Islands, $2,439,000 in domestic machine-made cotton lace, and $82,000 corresponds to the amount of imported hand-made lace.

During 1940, the principal U. S. suppliers of embroidered cotton dresses, dresses with lace appliqués, beads, etc., were the Philippine Islands, France, the Azores, Madeira Island, Hungary, Yugoslavia, Switzerland, China, Dutch Indies and Mexico. The principal suppliers of cotton lace wearing apparel (including blouses) were China, Germany, Switzerland and England. The greatest supplier of embroidered handkerchiefs to the United States in 1940 was China, followed by the Azores, Madeira Island, and Switzerland.

Chinese merchandise is more easily marketable in North America because of China's cheap labor and consequent low cost of goods, even after the high duty has been paid upon entry into this country. In 1940, the United States imported from China fine hand-made lace, valued at $72,471 (total U. S. imports from China amounted to $73,751).

Before the war, the United States was normally supplied by Italy and Belgium with fine lingerie and table linen laces. In regard to silk wearing apparel, embroidered or beaded, in 1940, imports of the United States were valued at $561,192, from China, the Philippines, France and Japan. Silk wearing apparel, with hand-made laces was supplied principally by Belgium, Switzerland, Japan and China. Embroidered silk handkerchiefs were supplied, in small quantities by China, Hong-Kong and Japan.

Up to this date, Brazil has not actually entered the international market for embroidered and lace goods. Her domestic product, however, is on a par with the best merchandise of this kind, due to its design, quality and careful finishing. To these qualities should be

added the relatively low cost of labor, which would permit the sale of Brazilian goods in the United States at reasonable prices, in spite of the high tariffs.

The Brazilian Government Trade Bureau in New York has received numerous inquiries from large wholesalers, specialized in lace and embroidered wearing apparel, who are genuinely interested in establishing a permanent import business with Brazil.

Brazil's lace production has maintained a steady increase since 1930, as follows:

Year	Tons
1930	31
1932	86
1934	71
1936	106
1938	997
1940	153

The North American market, however, would not be limited to existing exportable stocks. A permanent interest, on the part of the United States, for Brazilian hand-made lace and embroidery would contribute toward a maximum increase in the production of scores of professional institutes and organizations in Brazil.

BRAZILIAN EXPORTS OF IRON ORE AND MANGANESE

According to data released by the "Sindicato Nacional da Indústria de Extração de Ferro e Metais Básicos" (Brazilian Syndicate of the Iron and Basic Metal Industry), 3,284,541 metric tons of iron ore and manganese were exported through the port of Rio de Janeiro between 1938 and 1943 inclusive. These exports were distributed as follows:

Iron Ore ..... 1,842,743 (Yearly Average: 307,123 tons)
Manganese ..... 1,441,798 (Yearly Average: 240,300 tons)

The following figures represent the amounts exported over this period of six years (in metric tons):

Year	Iron Ore	Manganese	Total
1938	395,138	88,613	483,751
1939	383,954	186,012	569,966
1940	218,894	224,891	443,785
1941	323,384	438,074	761,458
1942	260,113	262,862	522,975
1943	261,260	241,346	502,606
	1,842,743	1,441,798	3,284,541

The exportation of manganese is also being made, on a large scale, through the port of Vitória, in the State of Espírito Santo.

Brazil's total exportation of iron ore and manganese for the years 1940 and 1941 was as follows:

Year	Iron Ore (Metric Tons)	Manganese (Metric Tons)
1940	255,548	224,891
1941	420,756	437,402

The countries to which Brazilian Iron Ore was shipped during 1940 and 1941 were the following:

Countries of Destination	1940	1941
United States	106,055 tons	151,435 tons
Great Britain	70,230 tons	204,677 tons
Canada	79,263 tons	64,644 tons

The countries to which Brazilian manganese was shipped in 1940 and 1941 were the following:

Countries of Destination	1940	1941
Argentina	-	3 tons
United States	215,601 tons	423,682 tons
Japan	-	13,717 tons
Belgium and Luxembourg	7,112 tons	-

In 1940 and 1941, Brazilian exports of iron ore were made through the ports of Rio de Janeiro, Vitória (State of Espírito Santo), and Antonina (State of Paraná); manganese, through the ports of Salvador (Baía), and Rio de Janeiro.

BRAZIL DECREES 10-HOUR DAY

President Getulio Vargas signed a decree on July 14, providing for the industrial mobilization of Brazil for essential war purposes.

The decree stipulates that labor contracts cannot be cancelled, except in cases when laborers are drafted into the Armed Forces.

If the workers are classified as indispensable in their jobs, the exception is not applicable.

The decree also permits a ten-hour day, and workers will receive compensation for overtime, at a rate of not less than 20% for the two hours over and above the previous eight-hour day.

Day and night shifts are authorized, with night work for women limited to eight hours.

GOVERNMENT ASSISTANCE TO SUGAR-CANE PLANTATIONS

Another important step has just been taken towards the establishment of organized assistance to the sugar-cane industry in Brazil. An agreement has been signed by the Ministry of Agriculture, the president of the Sugar and Alcohol Institute, representatives of the Government of the State of Pernambuco, and other local cooperatives in that State.

In compliance with the general principles of the Brazilian policy of assistance to Agriculture, the agreement recently signed contains a clause which provides for aid to the Experimental Station maintained by the Ministry of Agriculture in Curado, State of Pernambuco. This station is intended for extending and improving agricultural research methods as applied to sugar-cane plantations.

The federal government will contribute 150,000 Cruzeiros annually for this purpose, and the other signatories of the agreement will each contribute an identical amount per year, with the exception of one, which will contribute 50,000 Cruzeiros.

The agreement, valid for 5 years, is viewed as an effective first step toward the organization of a policy of protection to the legitimate interests of the sugar-cane industry, and was greatly influenced by public opinion.

Another agreement, for identical purposes, is expected to be signed shortly, in which representatives of the sugar industry from the State of Rio de Janeiro will also participate.

TRADE OPPORTUNITIES

The Brazilian Government Trade Bureau has received the following inquiries from businessmen in Brazil, who desire to export, import or represent American companies for the sale of the products listed below. We suggest that the parties interested write directly to these firms, via airmail, as well as to this office, at 551 Fifth Avenue, New York 17, N. Y.

The Following Firms Wish to Export to the United States:

COFFEE BEANS - Fruet & Procopiak Ltda., Rua Mayrink Veiga, 28, Quinto Andar, Sala 1, Rio de Janeiro, Brazil.

BRAZILIAN STAMPS IN GENERAL; CANCELLED STAMPS FOR COLLECTORS; CURRENT ISSUES - G. F. B. Sills, Rua das Pernambucanas 294, Recife, Pernambuco, Brazil.

CUT AND UNCUT SEMI-PRECIOUS STONES, ESPECIALLY AMETHYSTS AND CITRINES - Ribeiro & Fernandes, Campo Formoso, Baía, Brazil. (Samples upon request)

The Following Firm Wishes to Import from the United States:

COMPLETE EQUIPMENT FOR DOMESTIC REFRIGERATORS; ICE-BOXES AND ACCESSORIES - M. L. de Azevedo & Cia. Ltda., Avenida Rio Branco 29, Rio de Janeiro, Brazil.

The following firm is interested in representing American Manufacturers or Exporters of: MACHINERY, TOOLS AND EQUIPMENT FOR THE METALLURGICAL INDUSTRY, RAILROADS, NAVY, AVIATION, STREET CAR COMPANIES, LIGHT AND POWER COMPANIES, AND PUBLIC SERVICE DEPARTMENTS - Almeida Land & Cia. Ltda., Rua Florencio de Abreu 231, São Paulo, Brazil.

The following firm wishes to represent American Exporters of MACHINES OF ALL TYPES AND FOR ALL PURPOSES; INSTALLATIONS FOR THE MANUFACTURE OF SHEET METAL ARTICLES, ENVELOPES, ETC.; RAW MATERIALS SUCH AS STEEL PLATES, PLASTICS, METALS; NOTIONS, COSTUME JEWELRY, PAPER AND PAPER ARTICLES, RADIOS AND RADIO PARTS - Kurt Gabriel, Rua Mayrink Veiga, 28, Rio de Janeiro, Brazil.

The following firm would like to represent in Brazil American Manufacturers or Exporters of CHEMICALS FOR INDUSTRIES IN GENERAL; ANILINES AND DYES FOR THE TEXTILE INDUSTRIES; MACHINERY, on a commission basis - J. A. Rufilo de Oliveira, Rua Mariz e Barros 328, Recife, Pernambuco, Brazil.

The following company is interested in securing a REPRESENTATIVE IN THE UNITED STATES for the sale of COFFEE BEANS throughout the country - Fruet & Procopiak Ltda., Rua Mayrink Veiga 28, Quinto Andar, sala 1, Rio de Janeiro, Brazil.

The following firm wishes to act as Representative in Brazil for American Manufacturers of ENGINEERS' INSTRUMENTS, PAPER AND EQUIPMENT, PHOTOGRAPHIC FILMS AND CAMERAS, AND OPTICAL MATERIAL - Empreza Canalisações de Agua, Gaz Esgoto Ltda., Rua Mexico, 168, Rio de Janeiro, Brazil.

The following company is interested in securing representation of American Manufacturers or Exporters of TYPEWRITERS (New or Rebuilt)- J. C. Rodriguez Hidalgo, Caixa Postal 3155, Rio de Janeiro, Brazil.

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